OPENING STATEMENT OF REP. EDWARD J. MARKEY (D-MA)

HOUSE ENERGY AND POWER SUBCOMMITTEE

OVERSIGHT HEARING ON THE PROPOSED EXXON-MOBIL MERGER

WEDNESDAY, MARCH 10, 1999

Thank you, Mr. Chairman. I would like to begin by commending you for calling this first of two oversight hearings to review the proposed merger of Exxon and Mobil.

The merger of Exxon, our nation's largest domestic oil company, and Mobil, the nation's second largest domestic oil company, would represent the largest industrial merger in history. Exxon's buyout of Mobil in a nearly $80 billion stock deal dwarfs BP's $54 billion acquisition of Amoco, and would create the worlds largest private corporation.

It has been said that current trends in the domestic and global oil and gas markets – persistent low prices and increased exploration and production costs – are driving the current trend towards concentration in the oil industry. The recent wave of mergers, we are told, has been driven by the need to achieve the savings and synergies made possible by combining assets and resources.

All of this may be true, and there may be a compelling business and economic rationale for a consolidation in the oil industry. But a transaction of this size and scope clearly merits very serious scrutiny by our nation's antitrust regulators. For in allowing Exxon and Mobil to merge, we must carefully guard against recreating Standard Oil – one of our nation's most notorious monopolies.

In 1911, the courts approved the breakup of John D. Rockefeller's giant monopoly into 34 independent companies. We have now seen BP, the acquirer of Standard Oil of Ohio (the original company Rockefeller founded) take over Amoco (the successor to Standard Oil of Indiana). Now, we have before us a proposal to merge Exxon (the successor to Standard Oil of New Jersey) with Mobil (the successor to Standard Oil of New York). If we allow all these mergers to proceed without assuring that appropriate safeguards are established to protect against anti-competitive actions, including requiring divestiture of assets, where appropriate, consumers may find that the "synergies and efficiencies" resulting from these deals amount to little more than higher prices at the gas pump.

And so, while I am very sympathetic to the notion that the consolidation in the industry that the Exxon-Mobil merger represents may make a great deal of sense in order to facilitate more efficient exploration and production, I believe it is absolutely essential for the FTC to look very carefully at the impact of the proposed merger on regional wholesale and retail markets in the United States. During today's hearing, I will be particularly interested in hearing whether the FTC plans to look at market concentrations in the Northeast and whether it intends to move aggressively to address any potential anti-competitive effects on our markets. Thank you, again, Mr. Chairman, for calling today's meeting. I look forward to hearing the testimony from our witnesses.